CANADA-SASKATCHEWAN
Crop Insurance

Annual Report
1984 - 1985

Saskatchewan
Crop Insurance
Corporation

Agriculture
Canada

Government of
Saskatchewan

86-03303/

Saskatchewan Crop Insurance Corporation

Annual Report

For the year ending March 31, 1985

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LETTERS OF TRANSMITTAL

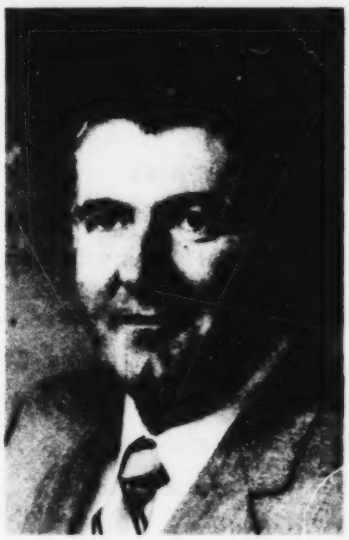
To His Honour
The Honourable Frederick W. Johnson
Lieutenant Governor of the Province of
Saskatchewan

Sir:

I have the honour to transmit herewith the Annual Report of the Saskatchewan Crop Insurance Corporation for the year ended March 31, 1985, including the financial statements therefor, duly certified by the Provincial Auditor and in the form approved by Treasury Board, all in accordance with the Crown Corporations Act, 1978.

I have the honour to be, Sir,
Your Obedient Servant,

Gerald Muirhead
Minister-in-charge
Saskatchewan Crop Insurance Corporation



To the Honourable Gerald Muirhead
Minister-in-charge
Saskatchewan Crop Insurance Corporation
Regina, Saskatchewan

Sir:

Presented herewith is the Annual Report of the Saskatchewan Crop Insurance Corporation for the fiscal year ended March 31, 1985.

Respectfully submitted,

Saskatchewan Crop Insurance Corporation

W. D. Heenan
Chairman

Wayne Funk
General Manager

OVERVIEW

Program Background

The Saskatchewan Crop Insurance Corporation administers the Canada-Saskatchewan Crop Insurance Program which has been available to farmers in the province since 1961.

The primary objective of the Canada-Saskatchewan Crop Insurance Program is to make available to farmers in the province a comprehensive all-risk Crop Insurance plan which, in years of heavy crop loss, will indemnify them for their losses and thus provide a stabilizing effect on farm income.

The Program offers protection against crop loss caused by all natural hazards beyond the control of the farm operator. Each insured operator is guaranteed a specified level of production of a designated grade for each insured crop. In addition, payment is made for losses on any acreage for damage caused by hail and/or fire. Under the reseeding benefit, costs of reseeding are paid on a spot basis. Protection is also provided against the inability to seed summerfallow acreage because of excess moisture. Over the years, participation in the Program has increased to the extent that during the 1984-85 fiscal year, the Corporation provided insurance to 43,443 producers. A record liability of $1.345 billion was carried with total revenue of $128 million.

Objectives:

Under the Crop Insurance Act, Statutes of Saskatchewan, 1983-84, Chapter C-47-2, the Corporation is empowered to:

(a) Engage in the business of crop insurance by making available actuarially sound insurance programs to eligible producers;

(b) Administer the Crop Insurance Fund.

(c) Provide such facilities and employees as are needed to carry out the authority and responsibility of the Corporation; and,

(d) Make grants to producers suffering crop losses from damage caused by migratory waterfowl.

The Saskatchewan Crop Insurance Corporation administers the Canada-Saskatchewan Waterfowl Crop Damage Compensation Program. In 1984-85 under the Waterfowl Crop Damage Compensation Agreement with the Government of Canada, payments of approximately .8 million were made to 461 producers suffering crop loss caused by migratory waterfowl.

Financial participation Governments of Canada and Saskatchewan

The Government of Canada contributes 50 per cent of the total premium which totalled $63.4 million for 1984-85.

The Government of Saskatchewan contributes all of the administration costs which totalled approximately $9.1 million for 1984-85.

PROGRAM ACCOMPLISHMENTS FOR 1984

Several changes in benefits were made in 1984:

1) Coverage was provided on winter wheat seeded in the fall of 1984.

2) Insurance for forage crops was provided under a weather-based program. Unlike insurance on other crops where production is measured to determine payouts, forage indemnities are based on precipitation, temperature and hours of sunlight. In this program, management influences are not a factor in crop loss.

   Forage insurance was available in a pilot area located in the Swift Current, Moose Jaw, Davidson triangle.

   There were 235 producers participating in the 26 R.M.'s included in the pilot area. Approximately 24,000 acres were insured. Rainfall during the growing season was at 30 per cent of the long-term average. This resulted in indemnities totalling 95 per cent of liability.

3) Price options were increased on canola, flax, sunflowers, and mustard and reduced on lentils and canary seed. The changes were made in response to projected market prices for the 1984 crop.

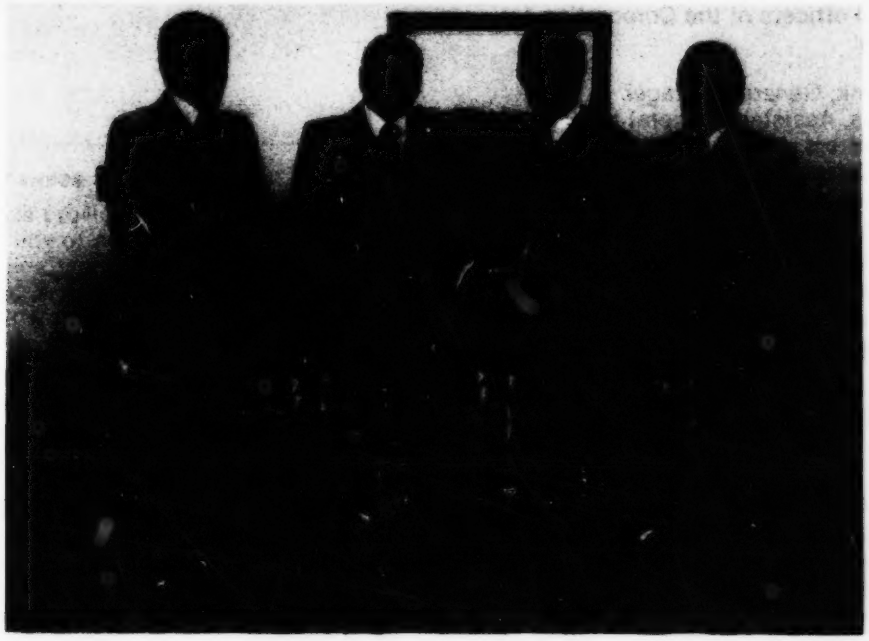
4) 1984 coverages were established by including 1982 average yields in the 15 year yield base. Coverages increased on all crops except oats and fababeans, which remained unchanged. Increases ranged from an average of 2 per cent on canola to a high of 20 per cent on canary seed; coverage on wheat increased by 4 per cent. Coverage for canola grown on more productive soils was increased relative to coverage on less productive soils. Yield increases on stubble crops, relative to summerfallow crops, were made for lentils and field peas in recognition of reducing yield differences between these cropping practices.

5) Premium rates for 1984 were established by incorporating 1982 loss-costs (indemnity to coverage) into the 25 year loss-cost base resulting in marginal reductions as a result of favourable loss experience in 1982. The loss ratio (indemnity to premium) for 1982 was .65 as compared to the cumulative loss ratio of .83 to the end of that year.

6) Changes in quality adjustment factors for canola and some specialty crops occurred, reflecting reduced market price for off-grades. The base grade for durum wheat was changed from #3 C.W.A.D. to #2 C.W.A.D.

CORPORATE DIRECTORY

Saskatchewan Crop Insurance Corporation Board of Directors' Summary



Front row (left to right) — Bayne Secord; Ron Bakken; W. D. (Bill) Heenan, Chairman, and David Maxwell, Vice-Chairman. Back row (left to right) — George Ballachy; Calvin Roberts; Ken Harley; and Gary Francis.

Changing economic conditions in agriculture continue to emphasize the importance of protection against crop loss caused by uncontrollable natural hazards. By providing this kind of protection, Crop Insurance is an essential component of the producer's financial planning.

Major crop loss in 1984, caused by drought and other hazards, resulted in indemnity payments of approximately $260 million to almost two-thirds of the 43,443 producers insured. Payments of this magnitude and extent provided stability to many farm incomes and had a significant impact on local and provincial economies. A record liability of $1.345 billion was carried with total revenue of $128 million.

The thrust of policy and program development was toward enhancement and broadening of Crop Insurance protection.

Issues related to excess spring moisture, coverages on irrigated crops, trends in continuous cropping and extended rotations as reflected in yields, and individual producer insurance needs were integral to the Board's policy planning. Producers' needs for a more individualized insurance program were addressed through development of an Individual Coverage option to be available for 1985. Continued emphasis was placed on the need for a more comprehensive forage insurance program.

Eight meetings of the Board were held during the fiscal year, two of which were in conjunction with a Crop Insurance public meeting.

Board Members also attended public meetings held throughout the province to discuss the new Individual Coverage option.

The Board of Directors participated in a Western Regional Crop Insurance Conference which included participants from British Columbia, Alberta, Manitoba, Ontario and Agriculture Canada. General policy issues as well as program changes for all the Crop Insurance Programs across Canada were discussed at this meeting.

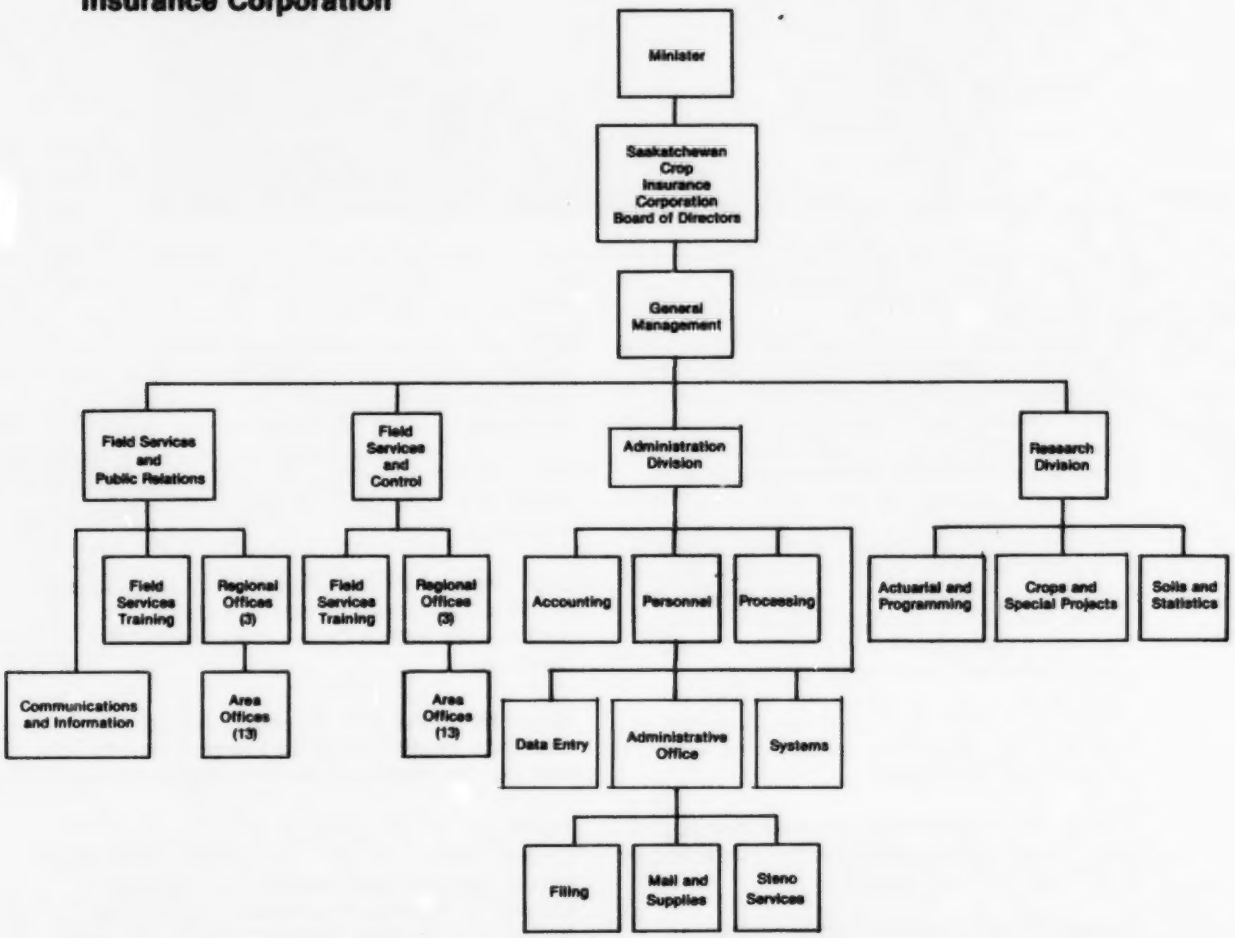
CORPORATE DIRECTORY

Corporation's Principal Officers

The principal officers of the Corporation for 1984-85 were:

Wayne J. Funk, General Manager
Merv M. Ross, Assistant General Manager
James C. Walters, Manager, Administration
Ron Osika, Director, Field Services and Public Relations
Allan Black, Director, Field Services and Control

Organization Chart
Saskatchewan Crop Insurance Corporation



PROGRAM FEATURES

Insurable causes of loss:

Protection is provided against crop losses caused by any of nature's uncontrollable hazards including: drought, flood, frost, hail, fire, excessive rain, snow hurricane, tornado, wind, wildlife, insect pests and plant disease.

Crops insurable:

Hard red spring wheat, durum wheat, utility wheat, winter wheat, barley, oats, fall rye, spring rye, flax, canola, tame mustard, sunflowers, field peas, lentils, fababeans and canary seed.

Tame perennial forages grown for fodder were also insured on a pilot basis under a weather-based program.

Type of insurance:

(i) Production guarantee:

A guaranteed production is provided for the total acres of each insured crop on the individual farm unit. Each crop is insured separately and losses on each crop are adjusted without regard to production from other insured crops.

(ii) Quality guarantee:

Losses due to low quality are taken into account in the determination of loss of production for each crop, according to the designated grade established for each insured crop.

(iii) Hail/fire spot-loss benefit:

This additional benefit provides for spot-loss adjustments and indemnity payments according to the amount of loss caused by hail or fire to any or all of the acreage of a crop without regard for the overall production finally harvested from that crop's total acreage.

Coverage for hail or fire damage is equivalent to the yield-loss coverage selected for each crop. Spot-loss indemnities do not lower the production guarantee, but indemnities from both spot-loss and yield-loss cannot exceed the production guarantee.

(iv) Reseeding benefit:

The reseeding benefit covers the cost of reseeding acreage that is damaged by an insured hazard and is reseeded up to the final seeding date. Payments are made on the spot-loss basis, and do not affect coverage on the reseeded crop.

(v) Unseeded summerfallow insurance option:

This option provides a dollar guarantee on acreages of summerfallow intended to be seeded but which cannot be seeded by the seeding deadline because of excess moisture.

Coverages and premium rates:

The province is divided into 23 risk areas so that coverage and premium rates can be established for each crop in accordance with the crop yield history and risks common to each area. Coverage for each crop is based on 60 to 70 per cent of the recent 15 year average yield for summerfallow and stubble for each risk area.

The premium rate is based on the cropping history and variability in yield within the area for the past 25 years.

Irrigated crops are provided coverage and premium rates in line with the increased yields and reduced risk experienced by removal of the drought hazard through irrigation.

A land productivity rating has been established for each quarter section based on the productive capability of the soil. The land rating establishes the coverage and premium rate assigned to each quarter section.

Higher coverage is offered on summerfallow crops than on stubble crops.

PROGRAM FEATURES

Coverage adjustment:

Base coverages for the land operated by each insured producers are established according to the average yield for the risk area. The coverage adjustment feature relates coverage more closely to the actual yields of the individual farm. As each insured farmer accumulates Crop Insurance experience on a particular crop the coverage for that crop is increased or reduced according to loss.

Under the coverage adjustment feature, increases in coverage to 125 per cent of base coverage and reductions for coverage to 70 per cent of base coverage are provided. Adjustments are determined by the accumulated loss to premium ratio for that crop.

Experience discount:

This premium discount recognizes differences in risks between individual farmers, and is based on frequency of claims and years of participation in the Program.

Each year in the Program without a loss results in a gradual reduction in premium to a maximum discount of 50 per cent. When losses are experienced this discount is adjusted according to the insured's premium balance but can never fall below a "zero" discount.

Price options:

For each insurable crop, the insured producer selects either a high or low price option. The price option selected is used to determine the indemnity payment if a production loss is suffered. The price options for each crop are reviewed annually with consideration for expected market prices and costs of production.

SUMMARY 1984

General Summary

A modest increase occurred in contracts in force. However the acreage insured increased significantly reflecting the effects of both farm consolidation and insurance on more crops by individual producers (2.1 crops/contract in 1984 as compared to 1.9 crops/contract in 1983). Provincially, approximately 68 per cent of producers participated in the program by insuring 63 per cent of total seeded acreage. Approximately 68 per cent of insureds received an average discount of 8.1 per cent of their premium through Experience Discount. Under the Coverage Adjustment feature 50 per cent of crops had coverage increased above base coverage while 12 per cent of crops had coverage reduced below base coverage, resulting in an average increase in coverage of almost 9 per cent.

Major crop loss in 1984, caused by drought and other hazards resulted in indemnity payments of approximately $260 million to almost two-thirds of the 43,443 producers insured.

Weather Conditions 1984

- Seeding operations in south began by April 9.
- Soil drifting caused by strong winds occurred in southern, central and western areas resulting in some reseeding.
- Early May had some snowflurries.
- Seeding generally completed in southern and central areas by end of May.
- Light frost on June 9.
- Later June was showery which improved crop conditions. End of June hot and windy. Some hail damage occurred on 21 days in June averaging 10 per cent damage on 416,058 acres.
- Hot and windy weather in July. Heavy grasshopper damage occurred in the southwest. Light frost in the southeast. Hot weather in the north caused some crop burning. Hail occurred on 24 days in July averaging 24 per cent damage on 379,848 acres.
- Early August continued hot with isolated showers. Grasshoppers caused heavy damage in southern areas. Swathing of cereals was general in southern areas while fall rye swathing was near completion.
- Mid-August was hot and windy. Wheat midge caused some damage in northern areas.
- Late August was hot and dry in the southern areas while northern areas were cool with some shower and hail activity which slowed harvesting. Serious grasshopper damage continued in southern areas. Flea beetles caused some damage to canola crops. Hail occurred on 32 days averaging 30 per cent damage on 1,241,704 acres.
- Early September was cool with some shower activity. Strong winds throughout province damaged flax and canola crops. Frost in northern areas caused some damage. Fires occurred in southern and central regions.
- Snow and rain on September 22 delayed harvesting in northern areas.
- Hail in September occurred on 16 days averaging 19 per cent damage on 7,380 acres.
- Harvesting was generally completed by October 9.
- Snow occurred October 16 and helped to restore moisture reserves.

Provincially crops yielded 25 per cent below 1983 and 12 per cent below the 10 year average. Hard red spring wheat yielded 554 kg/ac, durum wheat 433 kg/ac, winter wheat 433 kg/ac, barley 758 kg/ac, oats 548 kg/ac, flax 336 kg/ac, canola 438 kg/ac and rye 592 kg/ac.

SUMMARY 1984

Summary of Coverages and Indemnities

	Crop Year	
	1983	1984
Contracts	43,000	43,443
Acres (M)	17.6	18.4
Liability (B)	$1.255	$1.345
Revenue (M)	$114.6	$128.0
Indemnities (M)		
Spot-loss hail	$61.7	$38.2
Yield-loss	$43.2	$218.4
Reseeding benefit	$.228	$3.2
Unseeded summerfallow	$.087	$.066
Total	$105.2	$259.9
Loss Ratio	.92	2.03

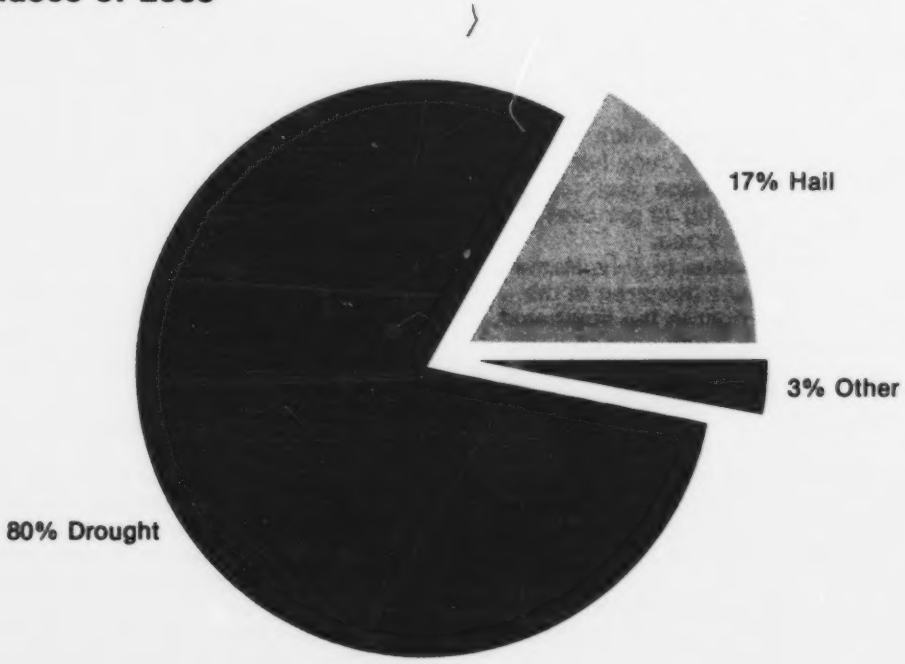
Of all indemnities paid, 80 per cent were due to drought and 15 per cent due to hail. An indemnity for crop loss was paid to 26,755 of the 43,443 farmers insured. There were 90,988 crops insured with 46,401 crops indemnified.

Hail damaged 2,046,168 acres with loss averaging 25 per cent on 10,253 crops involving 6,157 insureds. This resulted in 13,847 spot-loss hail claims as compared to 18,895 spot-loss hail claims in 1983.

Under the Reseeding Benefit, 2,468 insureds reseeded 211,877 acres involving 2,741 crops.

The Unseeded Summerfallow option was carried by 72 insureds, with 26 receiving an indemnity because of the inability to seed acreage due to excess moisture.

1984 Causes of Loss



SUMMARY 1984

Claims Summary	Crop Year 1983	1984
Partial crop pre-harvest	1,121	4,064
Total crop pre-harvest	691	3,531
Post-harvest	12,788	37,946
Reseeding benefit	469	2,781
Unseeded summerfallow	43	26
Spot-loss hail	18,995	13,487
Spot-loss fire	20	84
	34,127	61,919

Early spring drought and wind damage resulted in significant increases in reseeding benefit claims. The large number of pre-harvest claims reflect the effects of prolonged drought.

Hail claims were adjusted under contract with Saskatchewan Municipal Hail Insurance Association in all areas except the Saskatoon Area Office district. In that district all hail claims were adjusted by the Corporation.

Information and promotion:

Continued emphasis was placed on providing program information to producers. Newspaper and radio advertisements were placed to remind producers of various benefits and deadlines. Information letters and individual brochures were also prepared as a source of producers' reference. News releases highlighted new developments and program changes.

Extensive public meetings were held to promote and explain the Individual Coverage Option available for the first time in the 1985 crop year. As well, similar meetings were held in those areas in which the weather-based Forage Insurance Program would be available for the first time in 1985.

Program and policy development

Projects aimed at updating and enhancing benefits and expanding insurance were carried out as follows:

- Premium rates and coverages updates
- Individual coverage option
- Pedigreed seed insurance
- Sweetclover insurance
- Honey insurance
- Revisions to experience discount
- Unseeded acreage insurance
- Costs of production and price options updates.

AUDITOR'S REPORT

Saskatchewan Crop Insurance Corporation
Financial statements
for the year ended March 31, 1985

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Statement 3 — Statement of retained earnings
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Schedule 1 — General administration revenue and expenditures.

AUDITOR'S REPORT

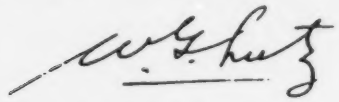
Saskatchewan Crop Insurance Corporation

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Crop Insurance Corporation as at March 31, 1985 and the statements of revenue and expenditures, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
July 19, 1985.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Saskatchewan Crop Insurance Corporation
Balance sheet
as at March 31

Statement 1

	1985	1984 (Note 7)
Assets		
Cash	$ 35,102	$ 222,476
Inventory	73,277	32,022
Prepaid expenses	38,687	17,113
Investments	348,353	3,150,000
Accounts receivable	1,308,594	1,692,491
Premiums receivable (less allowance for doubtful accounts 1985 - $1,153,954; 1984 - $1,274,247)	1,471,959	2,043,542
Due from Crop Reinsurance Fund of Saskatchewan	6,920,376	—
Due from Crop Reinsurance Fund of Canada for Saskatchewan	87,551,515	—
Fixed assets — Office and field equipment — at cost	262,134	240,208
	$98,009,997	$7,397,852
Liabilities and equity		
Liabilities:		
Bank overdraft	$ 4,324,250	$ 30,510
Accounts payable and accrued liabilities	482,520	249,332
Indemnities payable	2,861,126	886,719
Due to Crop Reinsurance Fund of Saskatchewan	—	5,380,027
Due to Crop Reinsurance Fund of Canada for Saskatchewan	—	251,954
Due to Minister of Finance	90,000,000	—
	97,667,896	6,798,542
Equity:		
Equity in fixed assets	262,134	240,208
Retained earnings (Statement 3) (Note 4)	79,967	359,102
	$98,009,997	$7,397,852

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Statement of revenue and expenditures
for the year ended March 31

Statement 2

	1985	1984 (Note 7)
Insurance operations		
Revenue		
Gross premium less discounts - insured (Note 5)	$ 62,661,618	$ 56,017,456
Government of Canada contribution	63,356,964	55,620,789
	126,018,582	111,638,245
Less: premiums ceded		
Crop Reinsurance Fund of Canada for Saskatchewan	9,503,545	8,344,482
Crop Reinsurance Fund of Saskatchewan	9,503,545	16,686,237
	19,007,090	25,030,719
Net premium	107,011,492	86,607,526
Reinsurance claims	150,772,426	121,230
Interest on investments	994,469	1,901,100
Interest on overdue accounts	1,015,504	1,094,327
	259,793,891	89,724,183
Expenditure		
Indemnities - yield (includes unseeded summerfallow and reseeding benefits)	221,633,028	43,533,235
- spot loss hail	38,231,123	61,709,962
Provision for doubtful accounts	(70,260)	384,498
	259,793,891	105,627,695
Excess of revenue over expenditure (expenditure over revenue) insurance operation	—	(15,903,512)
Excess of revenue over expenditure (expenditure over revenue) general administration (Schedule 1)	(279,135)	119,637
Excess of expenditure over revenue for the year (Statement 3)	$ (279,135)	$ (15,783,875)

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Statement of Retained Earnings
for the year ended March 31

Statement 3

	1985	1984 (Note 7)
Balance beginning of year	$ 359,102	$ 16,142,977
Excess of expenditure over revenue for the year	(279,135)	(15,783,875)
Balance at the end of the year (Note 4) (Statement 1)	$ 79,967	$ 359,102

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Statement of changes in financial position
for the year ended March 31

Statement 4

	1985	1984 (Note 7)
Resources provided:		
Excess of expenditure over revenue	$ (279,135)	$(15,783,875)
Acquisition of fixed assets	21,926	46,556
Net earnings (loss) from operations	(257,209)	(15,737,319)
Adjustments to convert earnings to a cash basis:		
Increase (decrease) in prepaids, receivables, inventories and payables	(7,003,626)	5,524,987
Total resources provided by operations	$(7,260,835)	$(10,212,332)
Resources applied:		
Acquisition of fixed assets	$ 21,926	$ 46,556
Decrease in cash and investments	(7,282,761)	(10,258,888)
Total resources applied	$(7,260,835)	(10,212,332)

(See accompanying notes to the financial statements)

Saskatchewan Crop Insurance Corporation
Notes to financial statements
March 31, 1985

1. Status of Corporation

The Saskatchewan Crop Insurance Corporation was established by Order-in-Council 544/74 and continues under The Crop Insurance Act.

The Saskatchewan Crop Insurance Fund was established pursuant to The Saskatchewan Crop Insurance Act, 1960 and continues under the provisions of The Crop Insurance Act (Saskatchewan).

The Crop Insurance Act was assented to June 1, 1984 and consequently the Saskatchewan Crop Insurance Act was repealed on July 1, 1984 upon proclamation of The Crop Insurance Act. All the property, rights and obligations, and any legal proceedings or actions of the Saskatchewan Crop Insurance Board which were previously recorded in the accounts of the Board or commenced by the Board were transferred to the Saskatchewan Crop Insurance Corporation. As a result of the new Act the activities of the Saskatchewan Crop Insurance Fund (previously administered by Saskatchewan Crop Insurance Board) are combined with those of the Corporation.

2. Significant Accounting Policies

a) **Revenue**

Revenue of the Corporation (general administration) includes sums appropriated by the Legislature.

b) **Fixed Assets**

The Corporation utilizes a fund accounting basis wherein fixed asset purchases appear in the statement of revenue and expenditure as an expense. To maintain accountability for fixed assets, it is necessary to record them as a balance sheet asset with a corresponding entry to "Equity in Fixed Assets". As asset purchases and sales appear in the statement of revenue and expenditure, no provision is made for depreciation on fixed assets.

c) **Inventory**

Inventory represents office supplies on hand at the end of the year which are valued at cost. The Corporation has adopted the first in, first out method of cost determination for valuation purposes.

d) **Investments**

Short-term investments are recorded at cost which approximates market value.

e) **Indemnities Payable**

The provision for indemnities payable includes the cost of indemnities reported and processed but not paid and an estimate, based on the average loss for crops suffering the same type of damage, for those indemnities that had been reported but not processed at year-end. The amount of the estimate is $1,150,000 (1984 - $186,999).

f) **Cost Sharing**

A. **Contributions**

In accordance with the agreement between the Government of Canada and the Province of Saskatchewan, amended by the 1985 amending agreement, the Government of Canada has agreed to reimburse the Province for the contributions it has made to the Fund in accordance with the terms of The Crop Insurance Act (Canada). The reimbursements received from Canada are deposited in the Consolidated Fund.

Section 11(4) of The Crop Insurance Act (Saskatchewan) provides that the Minister of Finance of the Province of Saskatchewan may pay out of the Consolidated Fund into the Saskatchewan Crop Insurance Fund in each fiscal year contributions not exceeding the total of the amounts that insured persons have paid as premiums in respect of contracts of insurance in that fiscal year.

Premiums paid for the purposes of this calculation are net of discounts and exclude interest, surcharges and penalties.

For the financial statement purposes contributions from Consolidated Fund are described as contributions from the Government of Canada and amounts due on the final claim as accounts receivable from the Government of Canada.

B. Reinsurance Funds

The Crop Insurance Agreement dated April 2, 1976 between the Government of Saskatchewan and Canada, which is continued under section 23 of The Crop Insurance Act (Saskatchewan), as amended by a 1985 amending agreement, provides for the establishment of two reinsurance funds.

(i) The Crop Reinsurance Fund of Saskatchewan — to be administered by the Government of Saskatchewan, and

(ii) The Crop Reinsurance Fund of Canada for Saskatchewan — to be administered by the Government of Canada.

Under the terms of the agreement the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the reinsurance funds based on premiums received during that insurance year including the matching contributions made by the Province.

Per the agreement, payments may be made out of the Reinsurance Funds under the following conditions:

(1) Indemnities required to be paid in an insurance year would have to exceed the aggregate of:

a) the premium receipts for the year less reinsurance premiums ceded

b) the balance in the Saskatchewan Crop Insurance Corporation - Insurance operation

c) 2½ per cent of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

(2) The balance of indemnities to be paid would be shared 75 per cent by Canada and 25 per cent by Saskatchewan out of the respective Reinsurance Funds.

3. Balance of Crop Reinsurance Funds

Crop Reinsurance Fund of Canada for Saskatchewan

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1985 was $2,252,597 (1984 - $80,653,242).

Crop Reinsurance Fund of Saskatchewan

The balance in the Crop Reinsurance Fund of Saskatchewan as at March 31, 1985 was a deficit of $6,920,376 (1984 - surplus $46,498,091).

4. Retained Earnings

The retained earnings of the Fund at the end of the year include the following:

	1985	1984
Insurance operation	$ —	$ —
General administration	79,967	359,102
	$79,967	$359,102

5. Discounts

Discounts allowed during the year, with comparative figures for 1984, were as follows:

	1985	1984
Experience discounts	$5,528,463	$4,903,033

6. Contingencies

The Corporation is being sued for damages by its former employees. The management has determined that estimate of loss cannot be made at present. The Corporation intends to account for the settlements, if any, in the period in which these actions are resolved.

The Corporation is the defendant to several unresolved insurance claims. It has provided for these claims in accordance with the advice received from legal counsel. The Corporation intends to account for any differences which may arise, between the amounts provided and amounts expended, in the period in which the claims are resolved.

7. Prior Year's Figures

As a result of proclamation of The Crop Insurance Act (Saskatchewan) during the year the activities of the Saskatchewan Crop Insurance Fund are combined with those of the Saskatchewan Crop Insurance Corporation. For comparative purposes the prior year figures have also been combined.

Saskatchewan Crop Insurance Corporation

Schedule 1

General Administration Revenue and Expenditures

For the year ended March 31

	1985	1984
Revenue:		
Province of Saskatchewan appropriation	$8,638,320	$6,253,830
Interest on investments	128,632	102,357
Adjusting waterfowl, wildlife and lure crops	31,307	38,627
Miscellaneous	52,785	46,822
Total revenue	8,851,044	6,441,636
Expenditure:		
Salaries	5,127,714	3,376,444
Adjusting hail claims	751,802	912,018
Travel and sustenance	1,125,172	495,533
Office rental	324,890	313,327
Employee benefits	379,462	282,832
Computer and analyst services	388,618	238,381
Postage	236,808	191,827
Telephone	136,642	81,124
Legal and professional fees	90,762	80,337
Advertising	134,186	71,274
Office supplies	65,426	69,041
Printing and duplicating	117,443	63,928
Board members - honorarium and travel	41,015	36,164
Inspection fees	101,324	30,096
Repairs, addressograph and other services	55,141	13,004
Freight and messenger services	21,290	12,262
Equipment rental	10,558	7,851
Total expenditure	9,108,253	6,275,443
Excess of revenue over expenditure (expenditure over revenue), before equipment purchases	(257,209)	166,193
Equipment purchases	21,926	46,556
Excess of revenue over expenditure (expenditure over revenue), for the year (Statement 2)	$ (279,135)	$ 119,637

Crop Reinsurance Fund of Saskatchewan

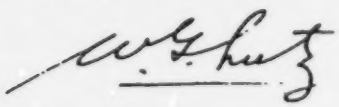
Auditor's report

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Crop Reinsurance Fund of Saskatchewan as at March 31, 1985 and the statements of revenue, expenditure and balance of fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fund as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
July 3, 1985.



W. G. Lutz, F.C.A.,
Provincial Auditor.

Crop Reinsurance Fund of Saskatchewan
Balance sheet
as at March 31

Statement 1

	1985	1984
Assets		
Due from Saskatchewan Crop Insurance Corporation (Note 4)	$ —	$ 5,380,027
Due from Minister of Finance (Note 3)	—	41,118,064
	$ —	$46,498,091
Fund Balance		
Due to Saskatchewan Crop Insurance Corporation (Note 4)	$ 6,920,376	$ —
Balance of Fund (Statement 2)	(6,920,376)	46,498,091
	$ —	$46,498,091

(See accompanying notes to the financial statements)

Crop Reinsurance Fund of Saskatchewan

Statement 2

Statement of revenue, expenditure and balance of fund for the year ended March 31

	1985	1984
Revenue		
Premium ceded from Saskatchewan Crop Insurance Coporation - Insurance operation	$ 9,503,545	$16,686,237
Expenditure:		
Indemnities - incurred	62,922,012	$121,230
Excess (deficit) of revenue over expenditure for the year	(53,418,467)	16,565,007
Balance of fund, beginning of year	46,498,091	29,933,084
Balance of fund, end of year (Statement 1)	$ (6,920,376)	$46,498,091

(See accompanying notes to the financial statements)

Crop Reinsurance Fund of Saskatchewan
Notes to financial statements
March 31, 1985

1. Accounting Policies

Premiums Ceded from Saskatchewan Crop Insurance Corporation - Insurance Operation

Under the terms of the agreement indicated in Note 2, the Saskatchewan Crop Insurance Corporation is required to pay premiums ceded into the reinsurance funds based on premiums received during the insurance year including the matching contributions made by the Province.

Liability for Claim Payments from the Reinsurance Funds

As provided for in the agreement, payments may be made out of the Reinsurance Funds under the following conditions:

(1) Indemnities required to be paid in an insurance year would have to exceed the aggregate of:
   a) the premium receipts for the year less reinsurance premiums ceded
   b) the balance in the Saskatchewan Crop Insurance Corporation - Insurance operation
   c) 2½ per cent of the total liability under policies of insurance in force in the insurance year which would have to be paid by the Crop Reinsurance Fund of Saskatchewan or by the Province of Saskatchewan.

(2) The balance of indemnities to be paid would be shared 75 per cent by Canada and 25 per cent by Saskatchewan out of the respective Reinsurance Funds.

2. Status of the Fund

The Crop Reinsurance Fund of Saskatchewan was created in accordance with the provisions of Section 17 of The Saskatchewan Crop Insurance Act, which enabled the Minister of Agriculture to enter into an agreement with the Government of Canada. Such an agreement is intended to provide for payment by the Government of Canada of a part of sums for which the Saskatchewan Crop Insurance Corporation may become liable in respect of claims for losses insured against under the Act and provides that a payment by the Corporation to the Government of Canada, of a part of premiums received in respect of crop insurance, may be made. The Crop Insurance Agreement dated April 2, 1976 between the Governments of Saskatchewan and Canada, which is continued under Section 23 of The Crop Insurance Act, provided for the establishment of two reinsurance funds:

i) The Crop Reinsurance Fund of Saskatchewan - which is administered by the Government of Saskatchewan, and

ii) The Crop Reinsurance Fund of Canada for Saskatchewan - which is administered by the Government of Canada.

3. Due from Minister of Finance

During the fiscal year ended March 31, 1980, Treasury Board approved the transfer of the assets of the Crop Reinsurance Fund of Saskatchewan from the then separate account administered by the Saskatchewan Crop Insurance Board into the Consolidated Fund of Saskatchewan. During the year ended March 31, 1981, all the assets were transferred to the Consolidated Fund of Saskatchewan, therefore, the financial statements of the Fund show only the amount due from the Minister of Finance instead of individual assets.

4. Due from (to) Saskatchewan Crop Insurance Corporation

The balance due from (to) Saskatchewan Crop Insurance Corporation represents:

a) the difference between the estimated premium ceded during the year and the actual calculated for the year based on the gross premium collected; and

b) the difference between the estimated claim submitted by the reinsured based on the estimated indemnities payable and the actual reinsurance claims calculated at the year end.

5. Balance in the Crop Reinsurance Fund of Canada for Saskatchewan

The balance in the Crop Reinsurance Fund of Canada for Saskatchewan as at March 31, 1985 was $2,252,597 and the comparative figure as at March 31, 1984 was $80,653,242.

ANALYSIS OF INSURANCE

Canada-Saskatchewan Crop Insurance Program
Comparative statistics

Coverage and premium

	Insurance Coverage	Average Coverage	Insureds' Net Premium	Average Premium	Average Rate (%)
1961-62	$ 306,500	$ 1,580	$ 23,825	$ 123	7.8
1962-63	2,319,000	1,734	171,284	128	7.4
1963-64	3,663,000	1,648	275,845	123	7.5
1964-65	4,068,000	1,735	278,828	118	6.8
1965-66	4,896,000	1,440	290,708	92	6.4
1966-67	12,125,000	1,734	743,154	106	6.1
1967-68	15,910,000	1,938	941,148	115	5.9
1968-69	27,165,000	2,201	1,719,896	139	6.3
1969-70	21,194,000	1,821	1,329,748	113	6.2
1970-71	9,639,200	995	567,836	63	6.3
1971-72	14,825,000	1,954	782,908	99	5.4
1972-73	29,840,995	2,519	1,821,463	154	6.1
1973-74	140,436,128	5,874	6,790,470	284	4.8
1974-75	288,283,532	9,177	14,536,229	463	5.0
1975-76	405,998,832	10,804	19,821,549	506	4.9
1976-77	542,397,973	13,852	25,896,032	664	4.8
1977-78	704,988,894	14,944	34,761,664	736	4.9
1978-79	798,193,202	16,457	33,258,275	773	4.7
1979-80	721,821,633	17,976	33,098,306	824	4.6
1980-81	936,838,814	21,840	41,457,843	966	4.4
1981-82	1,182,172,942	25,123	53,812,350	1,159	4.6
1982-83	1,223,968,814	27,748	56,468,215	1,270	4.6
1983-84	1,254,906,517	29,184	58,017,456	1,303	4.5
1984-85	1,345,493,742	30,971	62,890,884	1,443	4.7

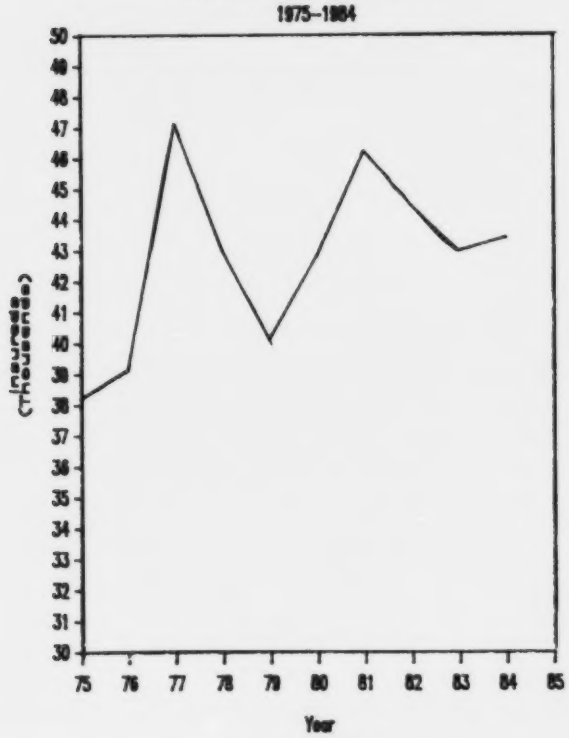
Contracts and liability by risk area

Risk Area	Total contracts 1983	Total contracts 1984	Total liability 1983	Total liability 1984
01	931	967	$ 28,992,802	$ 30,716,704
02	1,144	1,202	36,792,340	38,898,484
03	1,889	1,987	58,840,918	62,910,773
04	904	925	33,927,719	35,899,810
05	1,227	1,248	33,281,483	35,544,059
06	2,622	2,665	82,950,227	88,021,701
07	1,978	1,971	47,160,849	52,084,956
08	2,718	2,724	84,907,701	92,557,857
09	1,102	1,137	32,383,665	35,574,026
10	2,157	2,260	67,358,130	72,652,579
11	3,410	3,365	70,710,373	78,301,195
12	1,540	1,555	46,911,229	49,920,150
13	457	467	18,026,481	18,687,893
14	3,616	3,621	70,932,144	81,368,732
15	3,096	3,096	87,806,737	95,773,221
16	4,535	4,548	178,813,759	183,608,570
17	3,307	3,399	88,220,860	92,052,789
18	1,314	1,326	40,661,123	43,504,477
19	460	451	14,955,106	16,743,383
20	1,185	1,214	47,443,917	51,356,138
21	1,649	1,592	42,073,699	44,321,951
22	921	927	24,599,971	26,898,475
23	838	796	17,155,284	18,095,819
	43,000	43,443	$1,254,906,517	$1,345,493,742

ANALYSIS OF INSURANCE

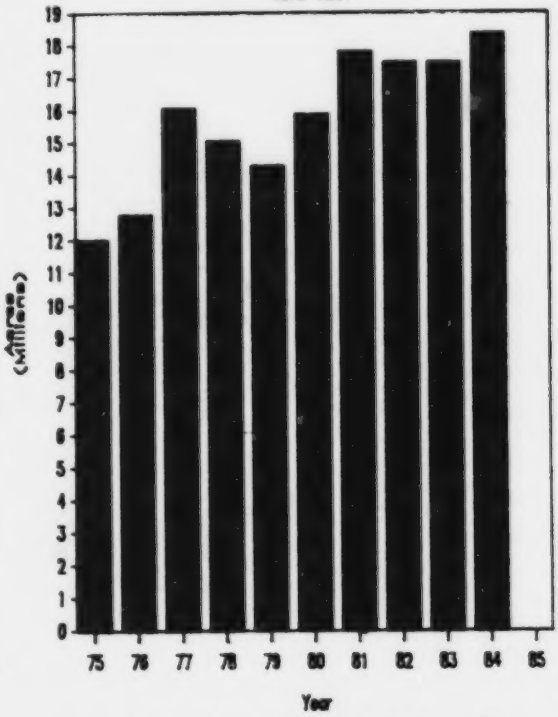
Number of Insureds

1975–1984



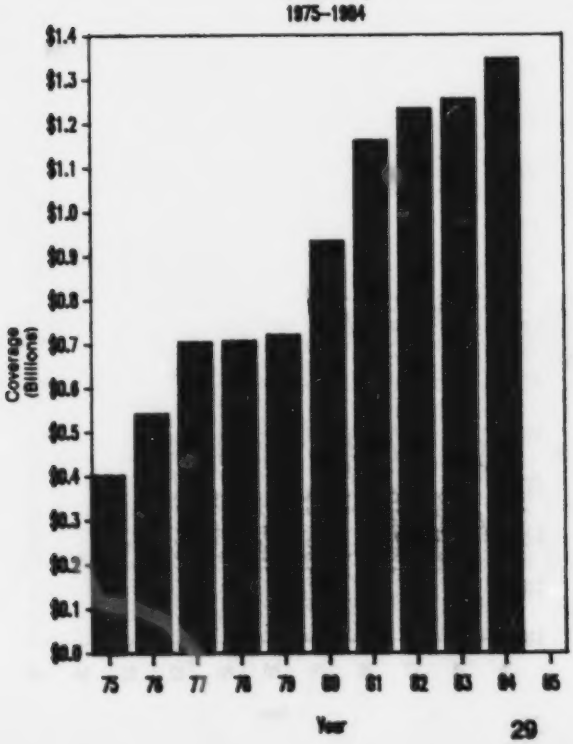
Total Insured Acreage

1975–1984



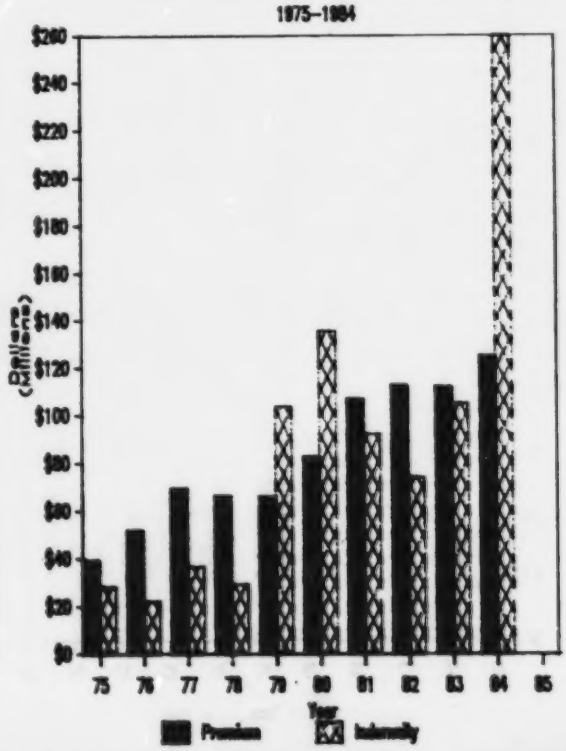
Liability

1975–1984



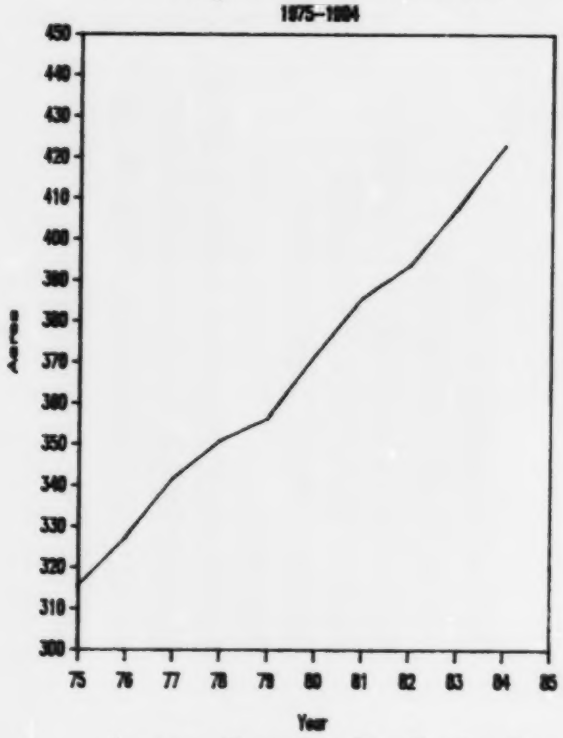
Total Premium and Indemnity

1975–1984

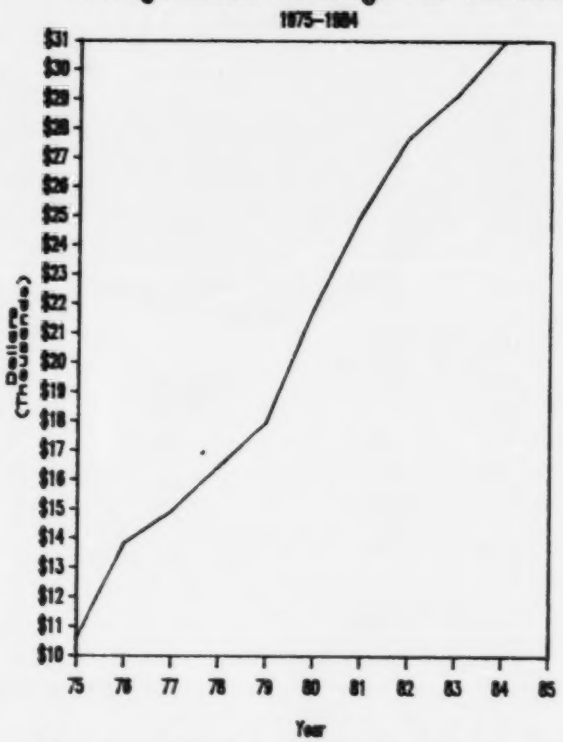


ANALYSIS OF INSURANCE

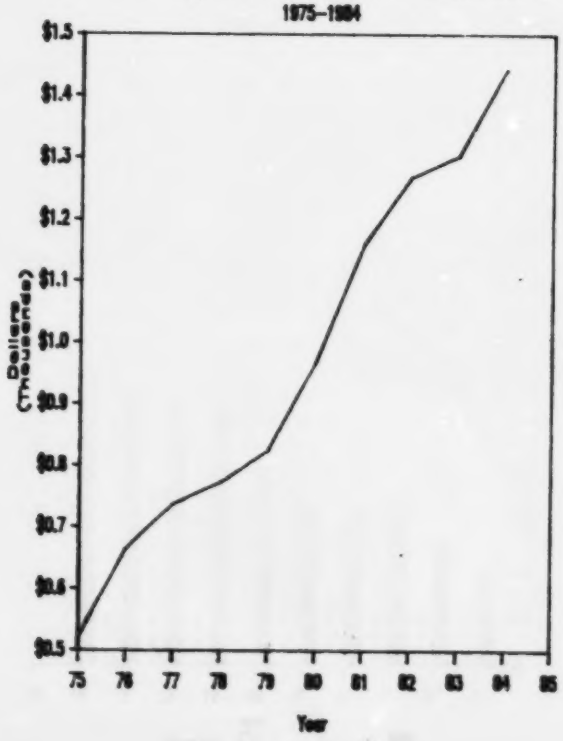
Average Acres Per Contract



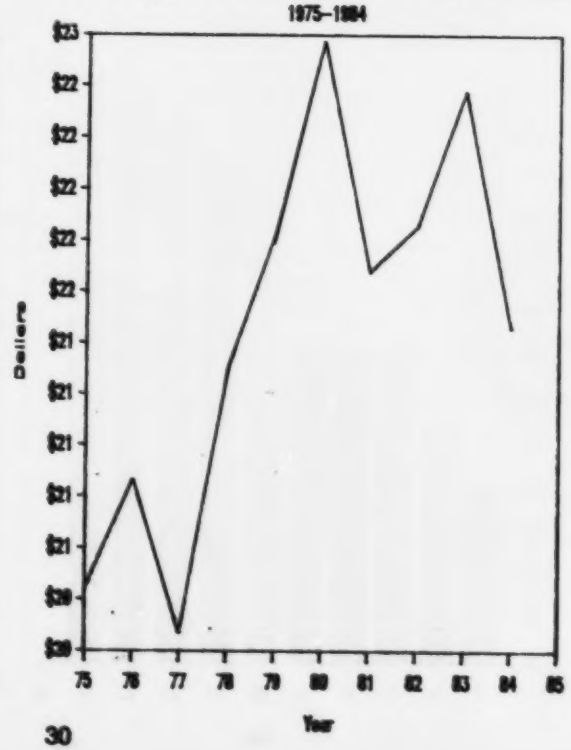
Average Dollar Coverage Per Contract



Average Premium Per Contract



Coverage Purchased Per Premium Dollar



Summary of experience

Year	No. of Insured	Revenue* Total	Revenue* Govt. of Can.	Indemnities Paid Number	Indemnities Paid Amount	Loss to Revenue Ratio By Year	Loss to Revenue Ratio Accumulated
1961-62	194	$ 31,586	$ 6,275	169	$ 129,669	4.11	4.11
1962-63	1,337	224,611	43,161	147	61,651	.27	.75
1963-64	2,235	372,180	69,657	38	9,285	.02	.32
1964-65	2,357	370,342	69,144	240	137,926	.37	.34
1965-66	3,172	402,388	74,021	301	123,304	.31	.33
1966-67	6,989	1,010,907	184,907	161	107,978	.11	.24
1967-68	8,211	1,377,099	313,499	887	497,118	.36	.28
1968-69	12,343	2,476,308	559,921	1,683	1,607,853	.65	.43
1969-70	11,637	2,007,405	427,616	553	385,787	.19	.37
1970-71	9,083	1,050,640	195,667	213	104,338	.10	.34
1971-72	7,890	1,349,366	259,933	206	142,930	.11	.31
1972-73	11,844	2,773,108	597,050	1,654	1,262,763	.46	.34
1973-74	23,909	14,341,387	6,688,320	8,484	7,730,305	.54	.44
1974-75	31,411	30,597,743	14,158,291	23,505	32,898,379	1.08	.77
1975-76	38,209	40,960,627	19,985,427	24,444	28,392,087	.69	.74
1976-77	39,143	53,785,749	26,160,037	15,092	22,401,840	.42	.63
1977-78	47,156	72,441,650	34,446,565	21,915	36,862,943	.51	.59
1978-79	43,032	72,720,436	33,553,882	17,389	29,419,884	.41	.54
1979-80	40,154	76,378,011	34,426,225	39,050	103,835,041	1.34	.71
1980-81	42,850	88,489,170	42,202,922	35,907	135,708,452	1.53	.87
1981-82	46,259	108,487,627	52,871,324	29,167	92,280,986	.85	.86
1982-83	44,469	115,954,971	56,364,777	23,967	74,157,729	.64	.83
1983-84	43,000	114,633,673	55,620,789	26,804	105,243,197	.92	.84
1984-85	43,443	128,028,555	63,356,964	51,853	259,864,151	2.03	1.00

* Revenue includes premiums from farmers, premium contributions by Government of Canada, interest on bank balances, investments and notes receivable.

Acres Insured

	Durum Wheat	Spring Wheat	Barley	Oats	Flax	Canola	Fall Rye	Sun-flowers	Utility Wheat	Mustard	Field Peas	Forage	Lentils	Canary Seed	Spring Rye	Faba-beans	Total	Aver-age
1961-62		28,600	1,740	3,160													31,700	160
1962-63		180,000	18,400	27,600													226,000	169
1963-64		304,600	29,200	38,000													371,800	166
1964-65		414,700	25,800	23,000													463,500	197
1965-66		512,200	37,100	21,200													570,500	180
1966-67		1,182,600	143,000	20,600													1,346,200	193
1967-68		1,583,000	190,000	23,000													1,806,000	220
1968-69		2,742,000	214,000	35,000													2,991,000	242
1969-70		2,145,000	216,000	37,000													2,398,500	209
1970-71	137,400	579,500	262,500	24,400													1,003,800	111
1971-72	149,000	1,040,200	250,600	24,800													1,464,500	186
1972-73	385,088	1,613,505	362,166	40,855	41,267	146,301											2,568,182	216
1973-74	716,544	4,731,716	1,006,656	234,891	153,252	388,360	2,177	1,050									7,235,666	303
1974-75	1,360,053	5,615,440	1,507,827	430,933	218,854	545,896	14,054	190	42,295	68,880							9,804,422	312
1975-76	2,072,676	6,673,045	1,519,268	559,950	227,902	881,834	29,722	829	67,105	33,871							12,066,222	316
1976-77	1,870,193	6,452,752	1,389,155	549,122	90,225	328,818	49,101	570	60,345	17,950	3,287						12,811,518	327
1977-78	1,216,880	10,367,504	2,246,807	746,851	365,647	774,775	47,929	2,291	264,967	73,457	9,919						16,116,827	342
1978-79	2,266,101	8,892,868	1,631,337	476,210	221,894	1,415,738	83,014	2,004	226,913	73,363	9,814	9,243					15,108,499	361
1979-80	1,721,750	8,706,489	1,270,343	361,241	386,897	1,616,044	76,076	4,128	58,068	44,418	12,789	8,223	13,941	24,075	4,858		14,309,340	356
1980-81	2,147,814	9,783,115	1,795,748	480,810	247,139	1,085,158	89,389	10,632	44,046	110,742	17,569	10,764	43,400	50,881	13,493		15,930,700	371
1981-82	2,749,049	11,097,416	2,180,806	546,035	201,676	666,360	136,233	4,791	37,515	75,290	15,942	13,793	44,848	39,962	18,022	152	17,849,890	386
1982-83	2,237,746	11,250,517	2,049,734	461,074	275,290	757,199	147,036	3,601	34,773	49,725	26,530	36,730	63,902	89,761	25,008	370	17,510,996	390
1983-84	2,087,304	11,854,822	1,614,460	326,370	123,665	1,112,926	135,117	1,306	25,767	93,580	21,594	14,825	56,294	47,883	8,072	1,177	17,525,182	406
1984-85	2,561,121	10,931,701	1,823,475	376,268	372,201	1,770,049	105,569	5,895	58,823	164,691	28,907	23,615	76,035	67,907	9,133	2,010	18,377,400	423

Extended coverage on unseeded summerfallow

1975-76 — 673,676	1977-78 — 74,011	1979-80 — 149,288	1981-82 — 17,553	1983-84 — 35,554
1976-77 — 338,826	1978-79 — 66,645	1980-81 — 55,735	1982-83 — 23,335	1984-85 — 12,634

1984-85 Irrigation Summary

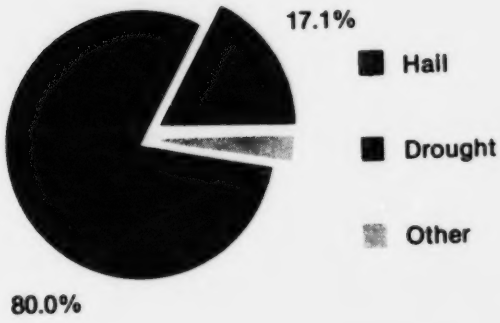
No. of Acres

	Spring Wheat	Durum Wheat	Utility Wheat	Barley	Oats	Flax	Canola	Mustard	Lentils	Canary Seed	Faba-Beans	Prov. Total	No. of Insureds
1981-82:	7,122	2,574	—	3,741	367	569	545	130	245	—	—	15,293	90
1982-83	10,796	1,178	67	3,765	226	798	912	153	290	630	—	18,815	111
1983-84	14,075	1,721	—	2,522	102	231	2,651	160	—	7	57	21,526	142
1984-85	7,457	2,519	1,099	3,325	307	1,348	5,328	724	322	27	71	22,527	155

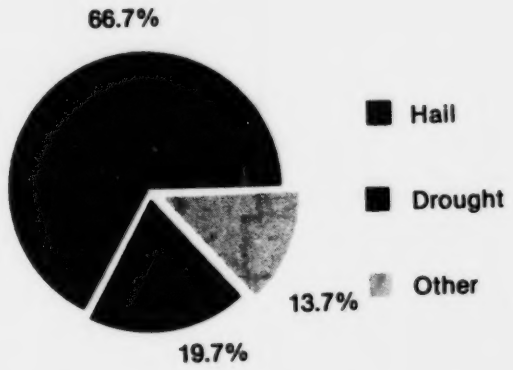
ANALYSIS OF INSURANCE

Causes of Loss

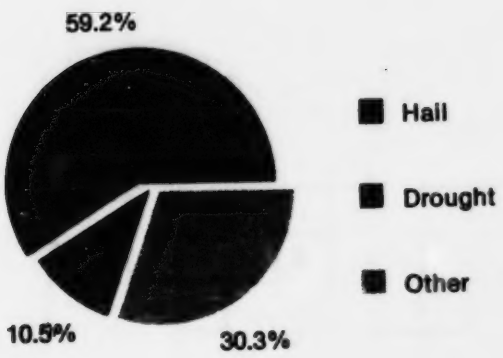
1984 Causes of Loss



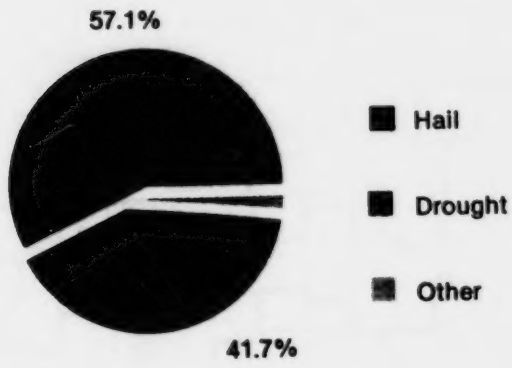
1983 Causes of Loss



1982 Causes of Loss

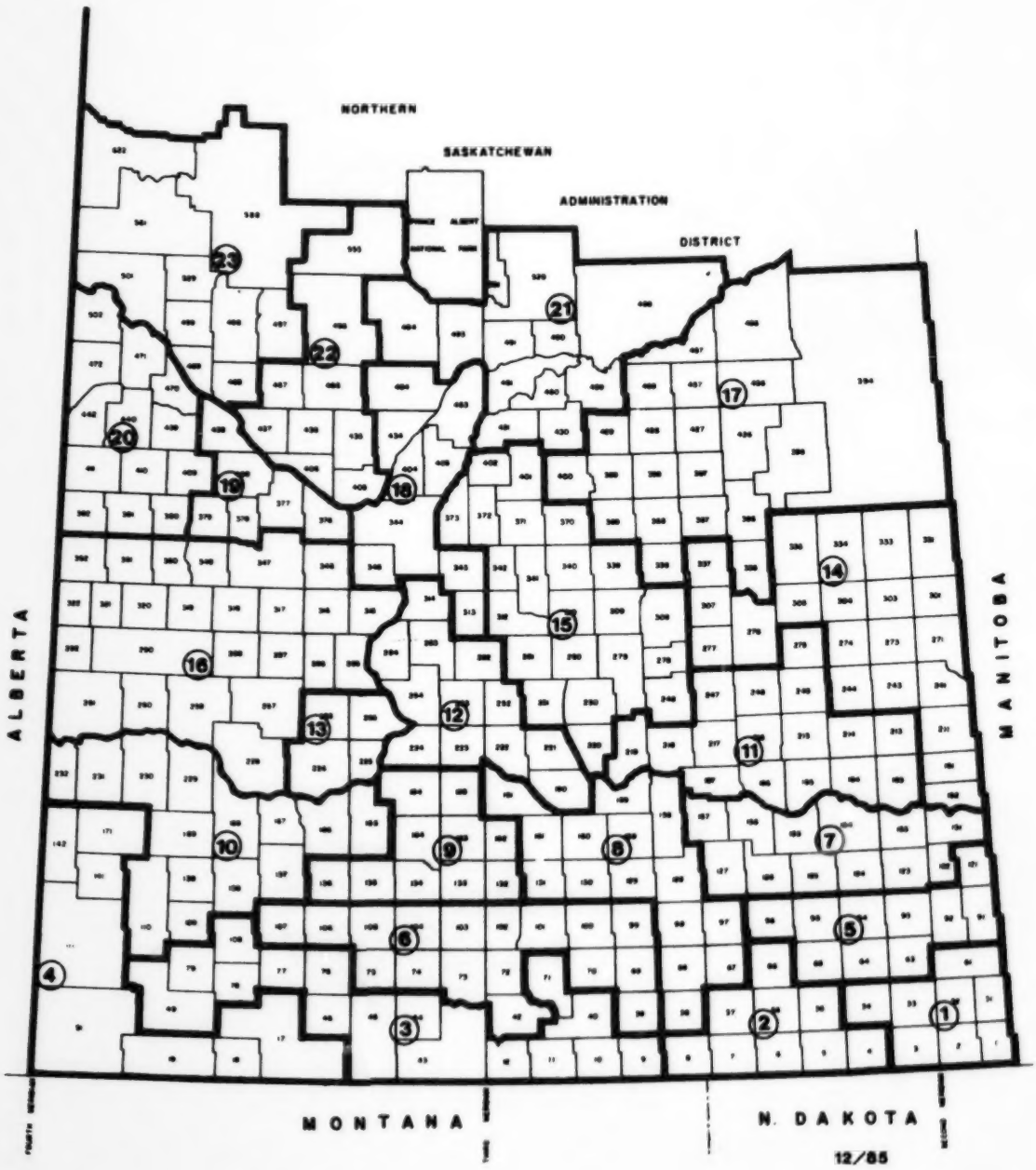


1981 Causes of Loss



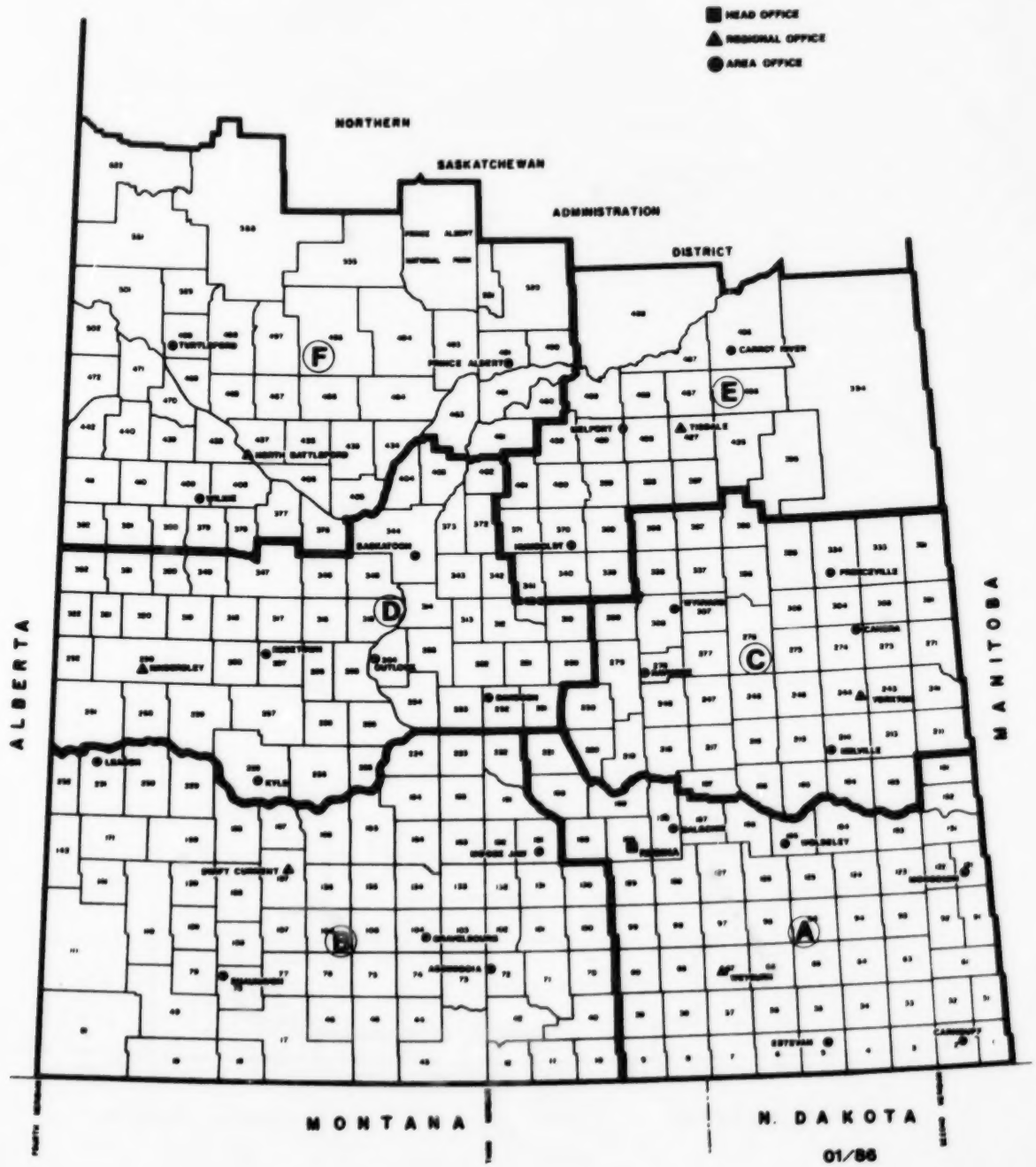
APPENDIX A

Risk Areas



APPENDIX B

Field Supervisor Regions
Area Office Locations



APPENDIX C

Area Office Districts